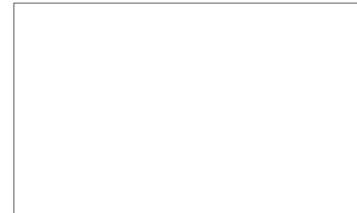


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NATIONAL INTELLIGENCE DAILY CABLE

Monday 19 September 1977 CG NIDC 77/218C

State Dept. review completed

DIA review(s) completed.



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National Intelligence Daily Cable for Monday, 19 September 1977

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The NID Cable is for the purpose of informing senior US officials.

CONTENTS

LEBANON--ISRAEL-PLO: Cease-Fire Page 1

ETHIOPIA-SOMALIA-USSR: Situation Report Page 2

25X1

PAKISTAN: Bhutto's Re-Arrest Page 7

POLAND: Full Flank Page 8

25X1

ITALY: Cabinet Shuffle Page 10

SPAIN: Labor Situation Page 11

FRANCE: Defense Spending Page 13

25X1

MIDDLE EAST: Cholera Epidemic Threat Page 14

JAMAICA: Party Struggle Page 15

BRIEFS Page 16

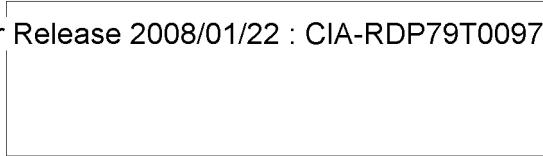
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LEBANON-ISRAEL-PLO: Cease-Fire

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[redacted] //The US Embassy in Tel Aviv believes the latest fighting in southern Lebanon reflects the efforts of the Christians, with Israeli encouragement, to strengthen their position in the Marj Uyun-Al Khiyam area in the event they are forced to accept the terms of the Shaturah cease-fire accord worked out last month by the Syrians, the Palestinians, and the Lebanese government. Israeli Defense Minister Weizman made another pitch to US Embassy officials on Saturday for setting aside the Shaturah agreement in favor of one calling for a Palestinian withdrawal to north of the Litani River.//

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[redacted] The evidence tends to confirm that Israeli jets did not bomb targets inside Lebanon, as initially charged by the Palestinians. Weizman admitted, however, that an unusually large Israeli force--consisting of nine tanks, some armored personnel carriers and mobile mortar units, and less than a company of infantry--crossed into Lebanon last Friday to provide the Christians with "moral support." The Israelis claimed on Saturday that most of this force had withdrawn, but the remaining elements were providing supporting fire as of yesterday afternoon.//

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[redacted] //Weizman also asserted that Israeli ground forces have not been involved directly in the fighting and would not escalate the situation to preserve the Christians' gains. At the same time, he said Israel would not discourage the Christians from trying to improve their position in any way they could.//

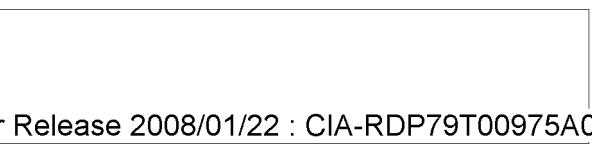
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[redacted] //US Embassy officials gained the clear impression from Weizman that Israeli support was not open-ended, but they believe the Israelis are prepared, if necessary, to support Christian efforts to take the Palestinian stronghold of Al Khiyam. [redacted]

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[redacted] As a result of the increased fighting, it seems even less likely that Palestine Liberation Organization chief Yasir Arafat and other Palestinian moderates will press for a statement from

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[redacted]

the PLO's Central Council that would satisfy US requirements for the opening of a US-PLO dialogue. The council meeting, originally scheduled for Saturday in Damascus, has already been postponed once because of the fighting near Al Khiyam and now is not expected to meet before tonight or tomorrow at the soonest.

[redacted] Khalid al-Fahum, a Palestinian leader close to the Syrians, issued a statement on Saturday welcoming the most recent US statement on Palestinian representation at Geneva as a "step forward," but he also characterized it as insufficient. Other press reports from Damascus indicate that the council will reject the proposal that Palestinian representatives go to Geneva as part of a unified Arab delegation. [redacted]

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ETHIOPIA-SOMALIA-USSR: Situation Report

[redacted] //The Ethiopian Government placed the country on a full war footing over the weekend, calling for a mass mobilization of men and medical, industrial, and transportation resources. There has been little change in the Ogaden situation since the fall of Jijiga a week ago [redacted]

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[redacted] Ethiopian Government radio this weekend announced the mobilization of local defense units, the drafting of retired soldiers, the requisitioning of all trucks and buses to transport reinforcements to the front, and the calling up of all adults fit for fighting. It also announced preparations for food rationing, mobilization of mechanics and medical workers, and calls for increases in production. These announcements were accompanied by patriotic slogans and appeals to defend the homeland.

[redacted] While it is difficult to measure the response to these measures, thousands of vehicles reportedly were seen thronging into Addis Ababa, and crowds of men reportedly gathered near the assembly point for veterans. Unofficial observers in Addis Ababa estimate that the government's call will add about 100,000 men

[redacted]

[Redacted]

to the 200,000 already in the People's Militia and the regular armed forces. To judge by the Militia, the fighting potential of these men will be determined to a large extent by their leadership.

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[Redacted]

//The call for mass mobilization was probably prompted at least in part by the dispirited performance of Ethiopia's regular armed forces last week at Jijiga. Government officials reportedly have become seriously concerned about the sagging morale of the regular units and Militia forces in the Harar - Dire Dawa area since the Jijiga garrison withdrew without orders.//

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[redacted] told the US Ambassador yesterday that President Sadat had decided to provide Somalia with heavy weapons--including tanks-- and spare parts, despite protests from War Minister Gamasy. Egypt will not send military personnel, however, and Somalia's request for pilots appears to have been turned down.//

[redacted] an Egyptian military delegation arrived in Somalia yesterday to survey Somali requirements and three planeloads of Egyptian equipment are due to arrive shortly. The tanks will be shipped by sea.//

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[redacted] Sadat had decided to provide the new military aid because Somalia was facing critical shortages of some weapons and ammunition. [redacted]

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[redacted] Somali forces had lost nearly 40 tanks. [redacted] although the USSR was continuing arms deliveries to the Somalis, it was not supplying them with the equipment and parts they needed.//

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Since Somali President Siad's unsuccessful visit to Moscow late



last month, there have been increasing indications of a Soviet tilt in favor of Ethiopia. Over the last two weeks, the Soviet press has sharpened its criticism of Somalia, and last week the Soviet Afro-Asian Solidarity Committee expressed its support for Ethiopia.//

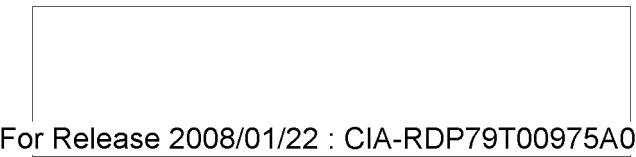
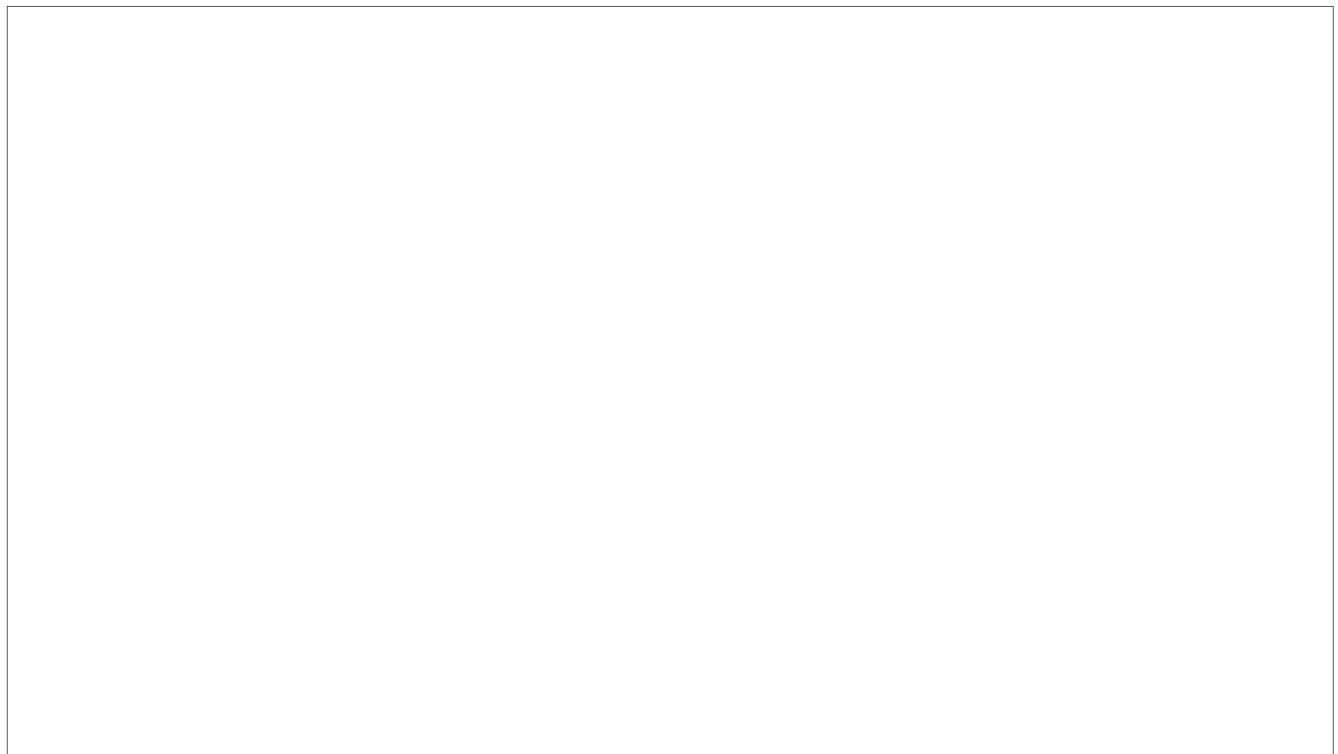
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[REDACTED] //The Soviet Ambassador to Ethiopia has gone to great lengths recently to inform US diplomats and newsmen of the USSR's support for Addis Ababa. At an Ethiopian Foreign Ministry reception last week, he claimed that the Soviets had stopped shipping arms to Somalia in August and that it was now time for all interested parties to help stop the Somalis and bring peace to the Horn of Africa. On Saturday, *Izvestiya* again called for a negotiated settlement of the Somali-Ethiopian conflict.//

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[REDACTED] the recent comments by the Soviets are probably intended not only to help Ethiopia in its struggle in the Ogaden but also to allay Ethiopian suspicions of Soviet sincerity and aims. Contrary to the Soviet Ambassador's claim, Moscow continues to supply both Somalia and Ethiopia with arms. [REDACTED]

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[Redacted]

PAKISTAN: Bhutto's Re-Arrest

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[Redacted] The military government's re-arrest of former Prime Minister Bhutto on Saturday apparently was intended to ensure that Bhutto does not return to power in Pakistan. His closest political associates and prominent members of his party's left wing were also taken into custody. Although Bhutto's wife will head the party in his absence, the military may hope that actual control will pass to party conservatives who were not included in the roundup.

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[Redacted] Bhutto was charged with murder before a civilian court early this month but was released on bail a week ago. This would have allowed him to participate in the election campaign, which officially began yesterday, but now he presumably will be kept in prison during his trial.

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[Redacted] Chief Martial Law Administrator Zia-ul-Haq has stated that the trial will end before the election scheduled for 18 October. The charges, however, seem to involve Bhutto's entire conduct as Prime Minister. Zia, moreover, has been under pressure from other senior military officers to keep Bhutto out of the election. Zia himself appears to have come around to the view that Bhutto is guilty of a number of crimes and cannot be allowed to regain power.

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[Redacted] Zia had been reluctant to take action against Bhutto, fearing that the former Prime Minister's followers might take to the streets or that his party might boycott the election. There were only minor demonstrations after the earlier arrest, and Zia may now expect that the remaining party leaders will decide to stay in the race. There have been rumors that one prominent conservative--former Minister of Religious Affairs Maulana Kausar Niazi--has been trying to take the leadership of the party from Bhutto.

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[Redacted] The arrest will be seen by many Pakistanis as largely politically motivated and may well increase sympathy for Bhutto. Nevertheless, many observers believe that his party's only chance for victory was a strong campaign by Bhutto himself.

[Redacted]
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[Redacted]

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POLAND: Full Flank

25X1 [redacted] The leading Polish dissident, Jacek Kuron, has told a Swedish newspaper that the Workers Defense Committee is in the final stages of a reorganization that will increase its membership and level of activities. Kuron said that the committee will change its name but keep its well-known initials. The public announcement of the changes could come around 23 September, the first anniversary of the committee's formation.

25X1 [redacted] Kuron said that the reorganized group would undertake:

- To publish stenciled newspapers.
- To establish a publishing company.
- To expand and strengthen student committees.
- To establish special groups to investigate prison welfare, consumer welfare, police activity, the economy, and human rights issues.
- To establish workers' commissions in factories.

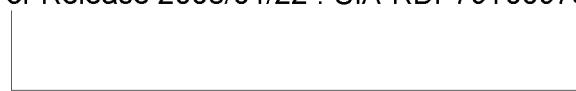
25X1 [redacted] Kuron and eight other members and supporters of the committee were released from prison in July as part of a general amnesty. They had been arrested because of their activities in May during the tense period after a human rights activist died under suspicious circumstances. In the interview, Kuron said that the release of the dissidents indicated to many Poles that the government will tolerate activities like those carried out by the committee.

25X1 [redacted] The interview reflects a degree of wishful thinking on Kuron's part. He said, for example, that he thought the authorities would be "powerless in practice" to stop the committee's activities. It is also not clear how much public support or enthusiasm the dissidents will be able to generate.

25X1 [redacted] Earlier, the dissidents had clear, concrete issues to work with. Workers had been jailed for their activities in the June 1976 disturbances, and nine intellectuals subsequently were also imprisoned. These are no longer outstanding issues.

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The most likely source of support for the dissidents would come from the universities and not from workers, who are more concerned with economic problems.

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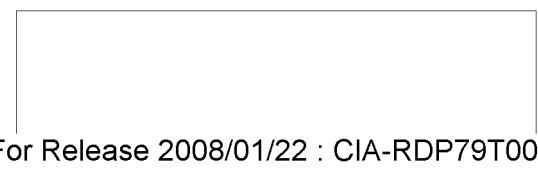
[redacted] A resumption of dissident activity could revive the strains in the leadership that were evident last spring. Party leader Gierek and others believe that the dissidents do not represent a serious threat to the party or system and thus have followed a moderate course in reacting to their activities.

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[redacted] Even if Kuron's committee has trouble building broad support, the regime will be faced with the question of whether it is willing to tolerate a small activist group that has pretensions of becoming a broadly based opposition.

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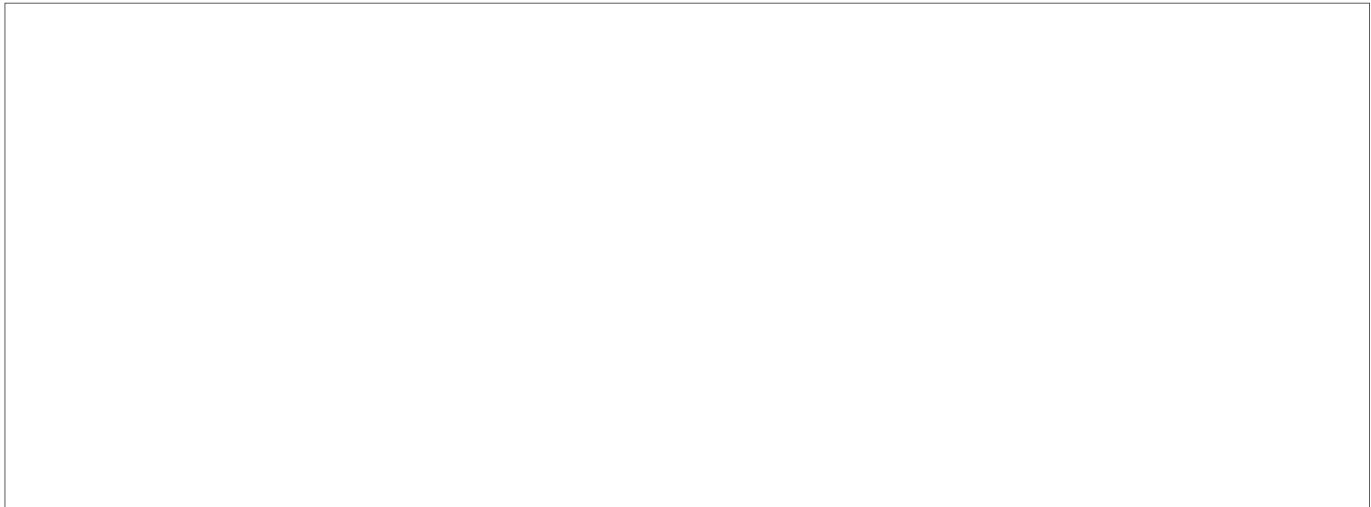
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ITALY: Cabinet Shuffle

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Italian Prime Minister Andreotti's cabinet shuffle yesterday--in which Defense Minister Lattanzio and Transport Minister Ruffini switched places--was an attempt to defuse the political controversy that had surrounded the Christian Democratic Defense Minister since the escape of Nazi war criminal Herbert Kappler from a Rome military hospital last month. Andreotti's action is likely to ease the immediate threat to his government, but it will be seen as a political victory for the Communists.

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Several of the smaller Italian parties had been demanding the Defense Minister's resignation for weeks, arguing that, as the political superior of Kappler's military guard, he was ultimately responsible for the escape. Lattanzio's job was not in jeopardy, however, until the Communist Party decided last week to join those calling for his ouster.

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Andreotti's survival depends on the willingness of the Communists to abstain or to support him in key parliamentary votes. The Communists last week threatened to introduce a parliamentary motion of no confidence in Lattanzio if he did not step down.

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Although Andreotti's cabinet shuffle falls short of what the Communists demanded, they are likely to be mollified



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by the move since it demonstrates the party's ability to influence the government. The party leadership had not been particularly critical of Lattanzio until it became clear that the rank and file regarded the failure to jump on the Defense Minister as the latest example of overly close relations between the Communists and the government.

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Despite the Communists' success last summer in gaining a formal voice in some government policies, many party members still doubt that the party is getting enough in return for cooperation with Andreotti.

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The dispute over Lattanzio was also affected by the approach of an important round of local elections in November. More voters will be going to the polls than at any time since the parliamentary election in June of last year, and neither the Christian Democratic Party nor the Communist Party wants to be seen by its traditional electorate as incapable of standing up to the other.

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Andreotti's retention of Lattanzio in the transport post is clearly designed to avoid the impression of capitulation to the Communists. Many Christian Democrats nevertheless will be disturbed by the cabinet shuffle because Lattanzio's continuation as Defense Minister did not become a serious issue until the Communists chose to make it one. Moreover, this is the first instance since Andreotti took office 13 months ago in which Communist pressure has openly affected the assignment of cabinet posts.

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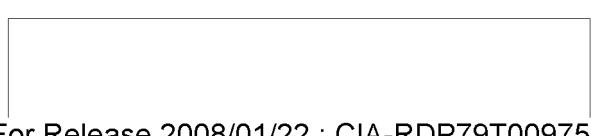
SPAIN: Labor Situation

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The possibility of a "hot autumn" arises again in Spain as negotiations between the government and labor unions grind on with little sign of progress. Union leaders seem disposed toward moderation in the face of soaring inflation and unemployment, but their control over rank-and-file workers is shaky. Thus, even if the unions reach agreement with the government and employers, revolt at the plant level could undermine the accords.

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As the government strives to implement its new economic program during the next three months, it is becoming concerned



about the possibility of widespread strikes and labor demonstrations. Important collective bargaining contract, reportedly affecting 2,500,000 workers, are due for renegotiation this fall. Labor, long accustomed to hefty annual pay raises, will balk at government efforts to hold down wage hikes as a means of reducing the nearly 30-percent rate of inflation.

There are other unsettling factors. The newly legalized labor unions are anxious to prove their mettle as they compete for members, and the many people out of work who do not have unemployment insurance could threaten public order. Unemployment has doubled in less than two years to an estimated 8 percent.

Negotiations between the government and unions have been made more difficult by the government's decision to allow elections for workers' plant-level committees by mid-November. Government officials complain that union representatives are pre-occupied with gaining worker support for these elections, which are to set the stage for collective bargaining activities. The elections also will provide the first gauge of relative union strength at the grass-roots level.

The two largest unions, the Communist-dominated Workers Commissions and the Socialist-led General Union of Workers, are vying fiercely for votes. Each claims to be the dominant voice in labor and neither will want to seem to be making concessions to the government, especially on wage controls, before the elections.

In any case, the unions will have their work cut out for them if they try to convince the workers to moderate their wage demands. The two major unions probably account for less than a million workers, and all of the unions combined represent less than 10 percent of the work force of 13 million.

Although government negotiators have privately expressed frustration at the lack of progress so far in the negotiations, Deputy Prime Minister for Economic Affairs Fuentes Quintana is confident that labor appreciates the seriousness of the country's economic problems and that in the end the unions will agree to moderate wage demands. He noted recently to the US Ambassador that the Workers Commissions, in particular, seemed disposed toward cooperation.

[redacted] The labor unions have rejected the possibility of a formal "social pact" on wages. They have left the door open, however, to a tacit agreement on wage restraints in return for government action on tax and social security reforms, liberalization of strike rights, and settlement of the unions' claims on property confiscated from them during the civil war. If they can win enough "concessions" from the government on these issues, the unions may be able to gain worker support for moderation. [redacted]

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FRANCE: Defense Spending

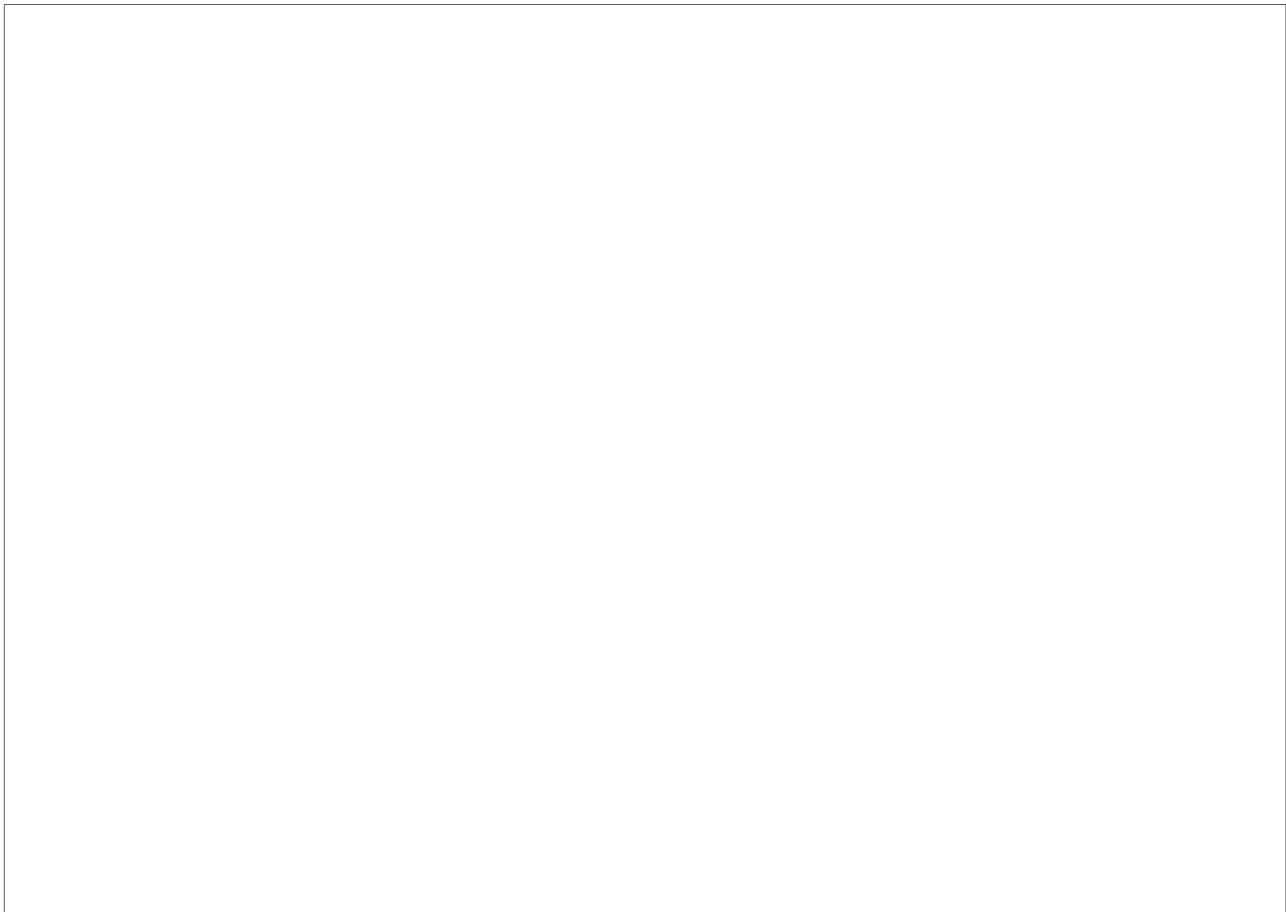
[redacted] //The French Government has proposed a record defense budget of some \$13.8 billion for 1978, an increase of about \$245 million over the amount set in the original five-year plan. Most of the increase reportedly will be used to finance further research and development of nuclear weapons systems. If approved by the National Assembly, the 1978 defense budget would be more than 16 percent higher than this year's.//

[redacted] //US defense attaches in Paris report that the new budget contains an increase in the percentage for development and acquisition of weapons and other new equipment, a reflection of the Defense Ministry's plan to continue its modernization program. About a third of the equipment expenditure will apparently be for nuclear weapons programs, including production of multiple warhead missiles, development of a new generation ballistic missile submarine, and development of a stand-off air-to-surface missile for the Air Force's future Mirage 2000 fighter aircraft.//

[redacted] //The spending plan also shows an increase in the proportion of the operating costs used for training and a slight decrease in the proportion for personnel expenses. The decrease in personnel costs may reflect the slight reduction in the size of the army resulting from its ongoing reorganization. [redacted]

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MIDDLE EAST: Cholera Epidemic Threat

An unusually severe cholera epidemic in the Middle East threatens to spread into neighboring countries on three continents. The risk is particularly high for Muslims in the region, because the annual pilgrimage to Mecca, Saudi Arabia, is already under way and will reach its peak in November. In the past, widespread epidemics of disease, including cholera, have been attributed to the return of infected pilgrims to their native countries. Much will depend this time on the effectiveness of cholera control and containment practices in the Middle East, particularly on the Arabian peninsula. In any event, a pandemic is unlikely.



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Many Arab nations affected by the epidemic already have instituted strict control efforts, including vaccination, quarantine, and stockpiling of medical supplies. These measures should help reduce the potential of the epidemic, but they are only partially effective.

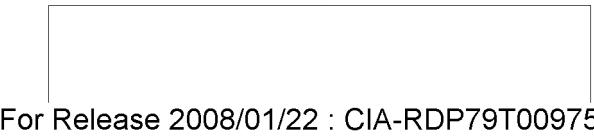
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In the face of the mass movement of about a million pilgrims to the Mecca area in a relatively short time period, and with the anticipated overloading of sanitation facilities there, it is unlikely that cholera will be totally controlled. Even under the best control conditions available, some new outbreaks of the disease can be expected to result from this year's pilgrimage.

JAMAICA: Party Struggle

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//The dominant moderate faction of Jamaica's ruling People's National Party and the disaffected radical wing came close to a split at a party conference earlier this month, but Prime Minister Manley averted a final showdown.//



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[redacted] //To pacify the disaffected radicals, Manley was forced to postpone the party vice presidential election that was to be the major event of the conference; the radicals were apparently on the verge of a humiliating defeat in the election. The Prime Minister's drastic personal intervention, however, is likely to cause him increasing difficulties in holding the party together as he seeks solutions to Jamaica's prolonged economic crisis.//

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[redacted] //Manley's maneuver disappointed the moderates, but there was some solace for them when he announced that he would immediately take personal control of both the party and the government's land reform program, which the moderates could read as undermining further the influence of the radicals. This view appears premature, however, in light of the Prime Minister's sympathy for the left.//

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[redacted] //Manley's concessions to the radicals apparently spring from both pragmatic and personal considerations. By keeping them in the party, he avoids the danger of a united radical opposition outside. Personally, the Prime Minister shares some of the left-wing's prescriptions for Jamaican socialism as well as its misgivings about a reconstruction program financed by the US and international lending agencies. [redacted]

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BRIEFS

Rhodesia:

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[redacted] Rhodesian Prime Minister Ian Smith announced the formation of a new cabinet this weekend, two weeks after his Rhodesian Front party scored a clean sweep of white-held seats in the national election. The cabinet appointments contain no surprises. Although some Rhodesian officials had believed that Smith should remove a number of hard-line ministers, the new cabinet represents a reshuffle of portfolios among ministers of the old government.

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[redacted] According to press reports, Smith said he was temporarily shelving a campaign pledge to form a more "broadly based" government until he determines whether progress toward a settlement based on the Anglo-American initiative is possible. [redacted]

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